

**City of Charlotte**  
**Multi-Family Rental Housing – Rehabilitation**  
**RFP Submission Requirements and Evaluation Criteria**

**Section I: Purpose**

The City is seeking multi-family developers and owners to provide proposals for the rehabilitation of multi-family housing to increase the diversity of housing options in the City of Charlotte using federal and or local funds. Funding will be available for rehabilitation where the rehabilitation substantially improves the quality of the housing stock.

The City allows flexibility in project financing based on the economics of each proposal. Successful projects will be required to ensure a period of affordability enforced through deed restrictions or similar instruments. The maximum request may be no more than 50% of the total project cost. At least 51% of the tenants in each property must have incomes that do not exceed 60% (\$40,200) of the area median income. All projects financed through this program will be required to submit to regular compliance monitoring and must incorporate a compliance monitoring fee into the facility's pro-forma.

Proposals will be competitively scored and additional points will be awarded for properties that offer housing to a mix of incomes, energy efficiency improvements and increased leveraging. The City's financial participation will be based on the amount required to make a development feasible.

The City reserves the right to waive any minor informalities or irregularities, which do not go to the heart of the proposal or prejudice other offers, or to reject, for good and compelling reasons, any and all proposals. Conditional proposals, or those which take exception to the Request for Proposal (RFP), will be considered non-responsive and will be rejected.

The RFP Schedule is shown below:

Activity	Scheduled Date
Proposal Due Date Neighborhood & Business Services 600 East Trade Street – Suite 104 Charlotte, NC 28202	February 27, 2017 by 5:00pm
End of Proposal Clarification Period	March 15, 2017
Housing & Neighborhood Development Committee	March 22, 2017
City Council Dinner Briefing	April 10, 2017
City Council Approval	April 24, 2017

\*\* The above dates are subject to change at the discretion of the City of Charlotte

## Section II: Submission Requirements

### 2.0 Submission Requirements

The proposal (application and attachments) should be submitted on-line, dropbox or similar type of submission format organized and labeled as follows:

A. City of Charlotte Application	B. Applicant Information
C. Project Information	D. Project Rehabilitation
E. Project Financing	

### 2.1 Threshold Requirements

To be considered for rehabilitation funding, the subject development must:

- Provide a total benefit of 51% or greater to families earning 60% or less of Area Median Income as defined by U.S. Department of Housing and Community Development.
- Originally placed in service on or before December 31, 1993.
- Require rehabilitation expense in excess of \$15,000 per unit.
- Not deteriorated to the point of requiring demolition.
- Not have received City HTF loan/grant in the last five years for the proposed development.
- Not propose to use City funding to pay off debt or pay for work completed prior to funding award or contract execution
- Create new affordable housing units or extend the affordability period of existing affordable units. Units designated as affordable and financed under this program will be required to remain affordable to families at 60% of area median income or below for twenty years.
- Federal fund recipients must comply with all applicable Community Development Block Grant regulations including but not limited to Davis Bacon, Section 3 and Environmental Review requirements.

### 2.2 Applicant Information:

Please provide the following information about the applicant:

- A. Description of the applicant's expertise in developing/ rehabilitating and operating housing developments to include:
- Developer's track record with similar developments
  - Detail the development team experience
  - Property Management & experience with similar developments
  - Development team is subject to Charlotte Business INClusion program requirements

and must submit their goal for SBE participation and specify the trades or vendors that will contribute to the developer in meeting the SBE goal.

B. Minimum of three references that can speak directly to the applicant's development experience

C. Applicant's financial statements prepared by an accountant for current year and previous year.

- Most recent independent audit
- Auditor's management letter

D. Applicant's organization/background information

- Legal name of business
- Director/President of the organization
- Articles of Incorporation and current bylaws
- IRS 501 c (3) determination letter (if non-profit)
- Type of Organization, (corporation, general partnership, Limited Liability Corporation, etc.)
- List of Board of Directors (Include address and telephone numbers). List officers and Their positions
- Current organizational chart
- Federal Tax ID# or Social Security # of owners

E. Complete disclosure of any outstanding judgments.

F. Certificate of Good Standing from the North Carolina Secretary of State or State where the developer/development team is incorporated.

G. Verification that all state and federal taxes – including IRS withholdings are current.

H. The City will verify that the development team members are not on the U.S. Department of Housing and Urban Development's (HUD) "debarred" contractor's list.

## 2.3 Project Information

Provide the following information regarding the subject multifamily rehabilitation project:

- Description and scope of the project, its history and goal.
- Number and types of units (i.e. affordable) .
- Income levels to be served (specify the number of units at each income level).
- Statement of the purpose of the loan/grant request and projected impact of the project
- Statement of project costs and verification of any committed and/or anticipated funding for the project (i.e. approval letters, letters of intent, and feasibility letters.
- Statement of details of any pending litigation.
- Project appraisal determined by a Member of the American Institute (MAI) – Land

and building(s). The appraisal should include; identification of the property being appraised, purpose and function of the appraisal, definition of market value, date of appraisal, property rights being appraised, site (land) description, description of improvements (building), real estate taxes on subject property, three approaches to value (cost, market and income), correlation of the three approaches, assumptions and limited conditions and qualifications of the appraiser. Appraisal should be no older than 6 months. Older appraisals will be accepted for review purposes but must be updated.

- Map with location and directions to the site.
- Proximity to amenities – medical, groceries and transportation.
- Legal description of real estate.
- Description of any environmentally significant site condition(s).
- Description of historically significant conditions requiring Historic Review (if applicable).
- Description of any supportive services (if applicable).
- Detailed management plan for multi-family housing.
- Statement or list of any outstanding uncorrected noncompliance issues for properties managed by the proposed management company or list of North Carolina Housing Finance Agency (NCHFA) compliance of Tax Credit Properties in default over the last ten (10) years.
- List of any properties managed by the proposed management company that have been in default in the last ten (10) years.
- Relocation plan and statement of proposed relocation assistance (if applicable)
- Specify the number of years the unit will remain affordable (period of affordability).
- Real Estate Taxes – State in detail the assumption used to arrive at the annual real estate taxes proposed in the pro-forma.
- Evidence of site control – (Site control can be exhibited through an option to purchase, purchase contract, executed deed or a City-approved lease for as long as the requested loan term or period of affordability).
- Photographs of the site including all buildings, other significant structures and site amenities.
- Two years of rent rolls.

## 2.4 Eligible Rehabilitation

Eligible activities include but are not limited to structural, mechanical and electrical repairs, roof, windows, doors and work required when it has been determined that the useful life is five years or less and projects where rehabilitation is needed to make the units habitable. Repairs such as painting, replacing floor covering, and trim work are only eligible when they are part of a larger project. Provide:

- A detailed scope of work.
- A cost estimate from a qualified source(s) including cost per eligible unit and costs per square foot.

## 2.5 Project Financing

- Statement detailing use of the loan proceeds, type (loan or grant) and terms.
- Proposed sources and uses of funds.
- Proposed project schedule (include dates for initial closing, construction start and substantial completion).
- Project budget (including relocation if applicable).
- Proposed project pro-forma for multi-family rental developments (with assumptions, rents, % of annual change in income and expenses) 20-year pro-forma for multi-family rental developments.\*
- Proposed terms of the City funding request, specify lien position and collateral (if applicable).
- Detail any developer fees and equity share.

\*The standard pro-forma provided by the City of Charlotte must be used.

### SECTION III: EVALUATION CRITERIA – Multi-Family Rental Housing

Complete proposals submitted to the City will be reviewed, evaluated and scored based on the following criteria.

Categories	Rating % Points
City Policies – (10 Points Total )	
Period of Affordability	
Total Maximum Points	/10
Development Strengths – (24 Points Total)	
Number of Affordable Units within the Development	
Income Level Served	
Total Maximum Points	/24
Development Team Experience – (14 Points Total)	
Track Record with Similar Development (s) – for Developer	
Development Team Experience with Similar Developments	
Property Management & Experience with Similar Developments	
Total Maximum Points	/14
Financial Strength - (40 Points Total )	
Amount of City Funding Requested (Leverage)	
City Investment per Eligible Unit	
City Lien Position	
Debt Coverage Ratio	
Total Loan to Value	
Total Points	/40
Total (88 Points Total )	/88
Bonus Points (42 Points Total )	
Number of Affordable Housing Units	
Energy Efficiency Improvements	
Age of Property	
Proximity to Amenities and Services	
Total	/42
Total Maximum Points	/130

## EVALUATION CRITERIA – Multi-Family Rental Housing Rehabilitation

### Definitions and Points:

#### City Policies – (10 Points)

1. Period of Affordability
  - 21 to 30 Years earns 6 points
  - Greater than 31 to 50 Years 8 points
  - Greater than 50 Years 10 points

#### Development Strengths – (24 Points)

1. Number of Affordable Units within the Development
  - 51% to 59% 10 points
  - Greater than 60% 12 points
  - Greater than 65% 14 points

2. Income Levels Served

Developments must have 51% or more of the total units serving 60% AMI or below. Developers will receive additional points based on the average of units targeted at a varying mix of income earning families. For the purpose of this calculation, market rate units will use an AMI of 120%.

Example: If a 100 unit development proposes to provide 60% of units for families at 60% of AMI and 40% at market rate using an AMI of 120%, the average AMI for the facility is 84% and would receive no additional points.

Average AMI Calculation Chart			
Target	Number of Units	Multiply by:	Total
30%		.3	
50%		.5	
60%		.6	
70%		.7	
80%		.8	
Market Rate		1.2	
	Total Units: ____=A		Total of all rows above: _____ = B

Additional points are assigned as shown below:

Average AMI of Total Units	Points Earned
69% or lower AMI	10
70% to 75% AMI	8

### Development Team Experience – (14 Points)

#### 1. Track Record with Similar Development(s) – for Developer

- No experience 0 point
- Experience with up to 2 similar developments 2 points
- Experience with more than 2 to 5 similar developments 4 points
- Experience with more than 5 similar developments 6 points

The developer must demonstrate a track record successfully rehabilitating developments similar to the one proposed. The points awarded in this category are based solely on the developer's experience. Similar developments are defined as similar to the proposed project. Developer should have an active role in the projects identified, (i.e. decision maker, principal).

#### 2. Development Team Experience with Similar Developments

- No experience 0 point
- Experience with up to 5 similar developments 2 points
- Experience with more than 5 similar developments 4 points

Points in this category are based on the experience of the entire development team including but not limited to the developer, general contractor and architect. Similar developments are defined as similar to the proposed project.

#### 3. Property Management Experience with Similar Developments

- No experience with subsidized units - 0 point
- Experience with subsidized units (i.e. Tax Credits, Section 8, etc.) 2 points
- Specific experience – projects similar to the proposed development 4 points

A maximum of four points can be earned in this category based on experience with subsidized units combined with specific experience with developments similar to the proposed development. A property manager must at a minimum have over two years' experience with one development that is similar to the proposed development.

### Financial Strength – (40 Points)

#### 1. Amount of City Funding (Leverage)

Leverage Ratio	Points
Less than 1 to1	0 Point
1 to 1-1.99	2 Points



1 to 2-2.99	4 Points
1 to 3-3.99	6 Points
1 to 4-4.99	8 Points
1 to 5 or greater	10 Points

The leverage ratio: City funds over other investment.

## 2. City Investment per Eligible Unit

City Investment Per Eligible Unit	Points
\$30,000 to \$35,000	4 Points
\$20,000 to \$29,999	6 Points
\$15,000 to \$19,999	8 Points

## 3. City Lien Position

- No lien position 0 point
- Third lien position or a more subordinated position 4 points
- Second lien position 6 points
- First lien position 8 points

## 4. Debt Coverage Ratio - The debt coverage ratio is based on “hard debt” (debt service contractually obligated to be repaid). The net operating income over the debt service determines debt coverage ratio.

Debt Coverage Ratio	Points
Less than 1.15	0 Point
Greater than 1.25	4 Points
Greater than 1.20 to 1.25	6 Points
1.15 to 1.20	8 Points

## 5. Total Loan to Value

- Greater than 85% 2 points
- 70% to 85% 4 points
- Less than 70% 6 points

Loan amount to value is defined as all debt as compared to the Fair Market Value (FMV). A Member of the American Institute (MAI) appraisal completed within the preceding 12 months determines the Fair Market Value (includes income restrictions).

## Bonus Points – 42 Points

### 1. New Affordable Housing Units Created – Provides additional points for housing units that now have affordability periods and serve 60% or less than the area median income

through conversion/rehabilitation of existing units.

- 10 - 15                      8 points
- 16 - 25                     10 points
- 25 - 49                    12 points
- Greater than 50 unit    14 points

2. Energy Efficiency – All rehabilitation projects must comply with Energy Star standards. Development with incorporated energy efficiency techniques including but not limited to the following areas as:

1. Energy efficiency and renewable energy
  2. Healthy Homes or similar assessment
  3. Safeguarding water quality and water efficiency
  4. Conservation of materials and resources
  5. Indoor environmental quality
- One green building technique                      4 points
  - Two to three green building techniques            6 points
  - Four to five green building techniques            8 points
  - All five green building techniques                  10 points

Note: Developers may specify green building techniques that are not included above.

3. Proximity to Amenities and Services:

Development located within one mile of

1. Medical facilities (including pharmacy);
2. Groceries and;
3. Transportation

- Medical facilities or groceries only                      2 points
- Transportation or two other amenities/services            4 points
- Transportation plus one other amenity/service            6 points
- All three amenities/services                                  8 points

4. Age of Property – The City will give a preference to older properties due to their increased need for rehabilitation.

- Properties constructed from 1965 – 1978            10 points
- Properties constructed from 1979 – 1985            5 points

Neighborhood & Business Services  
2016 Median Family Income for the Metropolitan Statistical Area:  
Charlotte-Gastonia-Rock Hill  
House Charlotte update May 2016

FAMILY SIZE								
% OF INCOME	1	2	3	4	5	6	7	8
20%	\$9,400	\$10,750	\$12,100	\$13,400	\$14,500	\$11,700	\$16,650	\$17,700
30%	\$14,100	\$16,100	\$18,100	\$20,100	\$21,750	\$23,350	\$24,950	\$26,550
40%	\$18,800	\$21,450	\$24,150	\$26,800	\$28,950	\$31,100	\$33,250	\$35,400
50%	\$23,450	\$26,800	\$30,150	\$33,500	\$36,200	\$38,900	\$41,550	\$44,250
60%	\$28,140	\$32,160	\$36,180	\$40,200	\$43,440	\$46,680	\$49,860	\$53,100
70%	\$32,850	\$37,500	\$42,200	\$46,900	\$50,700	\$54,450	\$58,150	\$61,950
80%	\$37,550	\$42,900	\$48,250	\$53,600	\$57,900	\$62,200	\$66,500	\$70,800
90%	\$42,200	\$48,250	\$54,250	\$60,300	\$65,150	\$70,000	\$74,800	\$79,650
100%	\$46,900	\$53,600	\$60,300	\$67,000	\$72,400	\$77,800	\$83,100	\$88,500
110%	\$51,600	\$58,950	\$66,350	\$73,700	\$79,650	\$85,600	\$91,400	\$97,350
120%	\$56,280	\$64,320	\$72,360	\$80,400	\$86,880	\$93,360	\$99,720	\$106,200

2016 Adjusted Home Income Limits  
House Charlotte AMI Max